IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	**:**	**CRIMINAL NO. _____**
v.	**:**	**DATE FILED:**
CORNELIUS M. DONOHUE, III	**:**	**VIOLATION:** **18 U.S.C. § 1516 (obstruction of a federal audit - 1 count)**

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times relevant to this information:

1. Defendant CORNELIUS M. DONOHUE, III was a podiatrist whose patients included Medicare beneficiaries.

2. Medicare was a federally funded health insurance program designed to provide medical care to eligible persons, known as "beneficiaries," who were primarily individuals over the age of 65, blind or disabled. Medicare was administered by the Health Care Financing Administration ("HCFA") and the Center for Medicare and Medicaid Services ("CMS"), agencies of the United States Department of Health and Human Services.

3. As a physician who had contracted to participate in the Medicare program, defendant CORNELIUS M. DONOHUE, III had a legal obligation to maintain and submit complete, truthful, and accurate billing information and patient treatment records to the Medicare program in support of any claims for reimbursement submitted by defendant DONOHUE to Medicare.

4. Between January 1998 and December 2002, defendant CORNELIUS M. DONOHUE, III received payments totaling more than $817,000 from the Medicare program as reimbursement for podiatric treatments which defendant DONOHUE claimed to have provided to Medicare beneficiaries.

5. In order to ensure that physicians were submitting accurate and honest bills to the Medicare program, HCFA contracted with a private insurance carrier, HGSAdministrators ("HGSA"), to process Medicare reimbursement claims received from doctors.

6. As part of its claims processing responsibilities under the contract with HCFA, HGSA performed audits of physicians who submitted claims to the Medicare program.

7. Beginning in 1998, HGSA identified a pattern of suspicious and potentially fraudulent billing practices by defendant CORNELIUS M. DONOHUE, III, based on audit reports indicating defendant DONOHUE's excessive reporting of certain procedure codes.

8. In or about the beginning of 2000, HGSA commenced an audit of defendant CORNELIUS M. DONOHUE, III's treatment and billing practices for Medicare patients in order to more thoroughly investigate the pattern of suspicious and potentially fraudulent billing practices.

9. In or about September 2000, as part of the Medicare audit which HGSA was conducting under its contract with the United States, HGSA reviewed defendant CORNELIUS M. DONOHUE, III's patient records for the period, including but not limited to, July 1, 1998 through June 30, 1999, from nursing homes and determined the following:

(a) There was insufficient documentation to support medical necessity and frequency of services;

(b) there were no records to verify that a service was rendered; and

(c) there were no orders to provide services from the attending physician, patient, or patient's family.

10. As a result of the Medicare audit, HGSA determined that defendant CORNELIUS M. DONOHUE, III was overpaid by Medicare from on or about July 1, 1998, through on or about June 30, 1999, and requested a refund in the amount of $63,137.96.

11. Defendant CORNELIUS M. DONOHUE, III disputed the HGSA audit results and the denials of service based on the lack of written orders and requested that he be able to submit documents to HGSA of written orders for podiatric care, which he allegedly maintained.

12. At the time that defendant CORNELIUS M. DONOHUE, III offered to provide the above-referenced documents, defendant DONOHUE did not have accurate, complete and truthful patient records to confirm the accuracy of his claimed patient treatments and Medicare billings.

13. Knowing that he did not possess accurate, complete and truthful patient records to confirm his claimed patient treatments and Medicare billings, defendant CORNELIUS M. DONOHUE, III created and back-dated approximately 35 false, fictitious and fraudulent patient treatment records and physicians' orders to support the thousands of dollars of Medicare billings which defendant DONOHUE previously submitted on behalf of these patients.

14. Between in and about August 2001 and in and about October 2001, defendant CORNELIUS M. DONOHUE, III submitted the approximately 35 false, fictitious and fraudulent patient treatment records and physicians' orders to HGSA auditors as genuine patient treatment files, falsely claiming that the documents were contemporaneous treatment records and physicians' orders for Medicare patients.

15. From in or about August 2001 to in or about October 2001, in the Eastern District of Pennsylvania and elsewhere, defendant

CORNELIUS M. DONOHUE, III,

with intent to deceive and defraud the Health Care Financing Administration, an agency of the United States government responsible for overseeing the Medicare program, endeavored to influence, obstruct and impede HGSA auditors who were employed on a contractual basis to perform audit and claims processing responsibilities on behalf of the United States as part of the Medicare program, in the performance of the auditors' official duties relating to defendant DONOHUE's receipt of payments exceeding $100,000 during a one year period from the United States as a contracting physician in the Medicare program.

In violation of Title 18, United States Code, Section 1516.

PATRICK L. MEEHAN
UNITED STATES ATTORNEY